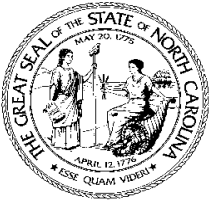


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## **PRESS RELEASE**

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### **STATE AUDITOR RALPH CAMPBELL RELEASES STUDY OF THE STATE'S MENTAL HEALTH DELIVERY SYSTEM**

"The 1998 General Assembly asked the Office of the State Auditor to manage an important comprehensive study of the State psychiatric hospitals and area mental health programs," State Auditor Ralph Campbell said. "In late February 1999, we contracted with Public Consulting Group, Inc. (PCG) to lead this critical investigation. PCG conducted the work in two phases. Phase I, released in April 1999 as an interim report, verified and updated the findings and recommendations from the April 1998 MGT study of the psychiatric hospitals. Today, we are releasing the second phase containing PCG's major findings, conclusions, and recommendations on the overall mental health delivery system in North Carolina.

"North Carolina has a long and proud tradition of providing essential services to citizens who have mental disabilities, including mental illness, developmental disabilities and addictive behavior. We have built a statewide system of care valued at \$1.2 billion annually," State Auditor Campbell explained. "This study is a primary element of the effort required to restore that tradition for North Carolina's mental health services system that finds itself in a crisis, with outdated State psychiatric hospitals, increasing demands on the community delivery systems, and a fast growing population that needs improved services."

Auditor Campbell stated, "PCG examined the relationship of the State psychiatric hospitals to community mental health programs, as well as how those components interact with and relate to the Area Mental Health Programs and the State Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. This report contains important recommendations for changes in governance, service delivery, financing, and organizational structure for both the Area Programs and the State Division.

"This is the first comprehensive look at the mental health delivery system in thirty years. I want to take this opportunity to publicly thank PCG for all their hard work and devotion to this project. It has not been an easy task," stated Auditor Campbell. The goal of this study from the start has been to develop a blueprint for guiding the delivery of mental health services in North Carolina. While PCG's recommendations will not fully satisfy all the parties involved in the use and delivery of mental health services, I truly believe that they have satisfied the project's objective—giving all parties a common discussion point for the crucial decisions that must now be made. I urge everyone to read this report with an open mind."

Recommendations for changes contained in the report are:

- Transforming the governance structure by shifting responsibility of local management to counties and groups of counties under long-term contracts with the State to manage services significantly improves the accountability. Local "County-based Programs" will coordinate all mental health, developmental disabilities and substance abuse services in community networks.

**OVER**

- Creating benefit packages for community assessment and acute care services for all mental health and substance abuse clients entering the State system.
- Developing specialized services for target populations (individuals with serious and persistent mental illness; those with dual diagnoses of substance abuse and mental illness; clients who are geriatric; children; and adolescents) that were previously served inappropriately in the State Hospitals.
- Establishing "County-based Programs" to increase local services to target populations through a matching process which will provide additional State funds for service expansion.
- Creating a separate Developmental Disabilities Division to attract strong leadership, focus management resources on providing innovative and less costly community services, and restore confidence in the public developmental disabilities system.
- Reducing the State Hospital system by 667 beds over the next five years, with the savings going directly to community services. This involves the closure of Dorothea Dix Hospital and substantial renovation and new construction at Broughton, Umstead, and Cherry Hospitals.
- Creating financial resources necessary for the system's transformation through savings and through the reconfiguration of current services, including financial operations and administrative costs under the new "County-based Programs" initiative. Transition funding will be needed to establish the "community" as the primary source of care. Additional funding for target populations may be necessary once the system is better aligned in the new "County-based Programs" structure.
- Restructuring the Department of Health and Human Services, the State agency legally responsible for managing the State's Medicaid program, and unifying Medicaid policy and operations across the three agencies responsible for services to persons affected by this report: the Division of Medical Assistance (DMA), the new Division of Developmental Disabilities (DDD), and the new Division of Mental Health and Substance Abuse Services (DMHSAS).
- Recommending that the State establish a Legislative Blue Ribbon Implementation Commission to oversee and provide guidance for these changes over the next five years with the appropriate funding.

Auditor Campbell continued, "It should also be noted that many of the recommendations made by PCG will require more funding initially. North Carolina currently has 2400 psychiatric beds in the State hospitals. PCG identified special populations, which includes children, geriatric, and substance abuse clients, who should not be in these very expensive hospital beds. The consultants recommend decreasing the number of beds, over 4-5 years, by 667. This action would redirect those beds and put back into the community system the resources to serve the special populations identified. The combination of closing Dorothea Dix Hospital and reducing the number of State hospital beds overall would provide more funds that could be used to provide these same services at the community level," noted Auditor Campbell. "The study projects that reduced reliance on State hospitals will save the State \$51 million in operating costs. The savings can be leveraged to over \$95 million in total resources from all funding sources."

"One of the more controversial recommendations contained in the report is the potential for the closing of Dorothea Dix Hospital and the redistribution of beds to the other three state hospitals. While I personally agree with the concept as presented, I also feel strongly that the General Assembly and the Secretary of DHHS need to fully explore the campus redevelopment options. For example, consideration should be given to continuing the UNC teaching program now conducted on the Dorothea Dix campus and developing partnerships with our universities for special mental health treatment and research," Auditor Campbell stressed.

Auditor Campbell concluded, "Change is difficult, but the mental health delivery system in North Carolina is in crisis and must change in order to provide the appropriate care to the many North Carolinians who depend on the system today and will in the future. Based on the documented evidence presented in this study, the Governor and the General Assembly must place a high priority on the immediate and long-range needs of those North Carolinians who need these services and are at risk."

Copies of the report are available by contacting the Office of the State Auditor at the address above or by electronic mail ([reports@aud.osa.state.nc.us](mailto:reports@aud.osa.state.nc.us)). The full report is also available on the OSA Internet home page, <http://www.osa.state.nc.us>.

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